



**Comments of
Small Business & Entrepreneurship Council
Before the
Postal Regulatory Commission
Washington, DC 20268-0001**

**On the Notice of Market Dominant Price Adjustment
November 1, 2016
Docket No. R2017-1**

To the Leadership of The Commission:

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and our more than 100,000 members across the country, I am pleased to submit comments regarding the First-Class Mail rate proposal put forth by the U.S. Postal Service (USPS). We have long been concerned about what has contributed to the USPS' ongoing fiscal problems and uncertainty, along with a rate hike that will impact our members and small businesses nationwide. For the purposes of this docket, SBE Council believes that the requested rate hike to 49 cents must be carefully examined by the Commission to reach a just decision that can be rationally supported.

The rates on letter mail came into focus earlier this year when the price of stamps fell to 47 cents as a result of the expiration of the outdated exigent rate surcharge intended to support the USPS during the after effects of the recession 8 years ago. In advance of the expiration, the U.S. Court of Appeals for the District of Columbia Circuit ruled that a renewal would not be prudent on the grounds that market conditions had fully stabilized to the point that current mail volumes had reached a 'new normal' rather than resulting from any impeding domestic economic factors.

The court's ruling has been further reinforced by the unwillingness of Members of Congress to advance draft Postal Reform legislation that would include a rate increase. This approach by the USPS to influence legislation, had it been advanced, would represent an unjustifiable effort to bypass the Commission's review and authority on rate proposals.

It is our organization's expectation that the Commission provide a proper forum for this discussion and make a determination that will guide USPS towards systemic practices that are financially sound for the long term and in keeping with agency's core mission.

As indicated by the USPS's Universal Service Obligation, USPS is entrusted with fulfilling its letter mail obligations for any deliverer and recipient in the nation, and to provide this service affordably. The ambiguity surrounding what constitutes "affordable" from the USPS perspective can most sufficiently be addressed through the examination of the balance of revenue and attributable costs associated with letter mail products. Such information is provided to the Commission during the Annual Compliance Review.

In its year-end reporting, USPS consistently details revenue levels for mail products that far exceed the cost of providing such service (248 percent greater revenue generated for single piece letters, and presort letters compared to cost). As such, the USPS proposal dismisses any notion of achieving an optimal price of stamps for meeting the twin goals of allowing the agency to reach profitability, and to maintain reasonable rates for mailers.

While the contribution of letter mail to the Postal Service's balance sheet has been very high, it is curious how the USPS' fiscal difficulty persists. In addition to declining the requested rate increase that burdens those, such as small businesses, who use the mail, the Commission must also encourage the USPS to fully analyze its offerings and withdraw its services that do not contribute substantively.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with a large initial "K" and "K" for the last name.

Karen Kerrigan
President & CEO

Protecting small business, promoting entrepreneurship

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